



Remarks For

The Hon. Steven Preston  
Administrator  
U.S. Small Business Administration

Delivered At The

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27TH ANNUAL MANAGEMENT OF CHANGE CONFERENCE**

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## **WELCOME**

Thank you, Martha, for that warm welcome and congratulations on your new role as President of ACT. And my thanks also to the American Council for Technology for inviting me to participate in your 27th Annual Management of Change Conference.

Since 1979, ACT has been providing American taxpayers a tremendous service by assisting our government in using information technology resources effectively and efficiently through education, programming, and networking opportunities that enhance and advance the government IT profession.

And since 1989, the Industry Advisory Council, which was created by ACT, has provided a complimentary service through facilitated networking and communication between the public and private IT sectors.

I thank the members of these councils for the tremendous job they have done.

I would also like to congratulate Kevin Carroll for receiving the John J. Franke Jr. Award, which has been given annually since 1999 to recognize outstanding leadership contributions to government.

The 2007 Management of Change Conference will challenge senior government and industry IT leaders -- those of you sitting in this room right now -- to consider how to harness the power of innovation in a changing world for the public good of Americans. You have a huge job, and I for one believe it is a noble one.

Leadership is the key to improving government management and performance and producing results for Americans. Many of you have created a record of excellence in your agencies by providing leadership to those around you – in the form of ideas, ingenuity, and technical innovation - -and just as important – in the form of tenacious execution to make concepts into value.

And some of you have had a very high calling in supporting the fundamental role of government to protect us from threats of harm both foreign and domestic. It is the single most important expectation we have of our government.

Every day, the war on terror is being waged against the backdrop of countless unheralded acts of patriotism by America's civil servants. We will never know how many terrorist acts have been prevented, or innocent lives saved, thanks to public servants such as you and those you work with.

In addition, we stand here on the dawn of another hurricane season. This year predicted to be among the worst. Having effective information, predictive models, and supporting processes can mean the difference between life and death early on. Later, it can mean providing the right kind of support to help a community get back on its feet - - or not.

Today's leaders often have just minutes or even seconds to make critical decisions. In our current threat environment, it is crucial they have timely access to the information they need to make those decisions.

Whether tracking potential biological attacks or disease outbreaks, intercepting satellite communications traffic, ensuring the safety and security of our transportation infrastructure, or processing large volumes of assistance checks, the value of Information Technology can't be overstated.

But innovation, enabling processes, and quality IT support are important not just in the realm of national security, but also in making our government more efficient, more responsive and easier for the American people to work with. That should be our goal every day, because in America, we must construe our roles as being in service to our countrymen, and therefore focused on the needs of the people.

At the Small Business Administration, we're taking customer-focus and responsiveness very seriously. We are a relatively small agency with a very big reach.

Many of you may not know that some of the best known corporate icons, received help from the SBA at critical times in their early development: Intel, AOL, Outback Steakhouse, Apple, Amgen, Ben & Jerry's, Callaway Golf, Staples, Under Armour, NIKE, and FedEx all received help from one of SBA's programs.

Today, the SBA continues to help entrepreneurs in so many ways. For example:

- The SBA guarantees or extends more than \$80 billion in loans and investments to small businesses and homeowners. Last year, over 100,000 small businesses received capital through an SBA program, which, by the way are largely self-funding. Most of those recipients would not have had access to affordable capital without the help of the SBA. Since 2001, our lending programs have doubled and lending to minority entrepreneurs has increased over 150 percent.
- Last year, SBA's technical assistance partners counseled nearly 1.5 million entrepreneurs.

- Our website, [sba.gov](https://sba.gov), offers training among other things, received 26 million hits last year and has won government-wide recognition for its look, feel and usability. I'll come back to it in a few moments.
- We assist and advocate for small businesses in their efforts to win contracts from the Federal Government—a source of over \$80 billion in revenue for small businesses. As I tell people time and again, treating small businesses right in federal contracting is not only an issue of fairness. It's good business. Small businesses are often more competitive, more flexible and deliver a higher quality. They are just a little tougher to find.
- Through the Office of Advocacy, SBA helps protect small business from harmful new government regulations, and through its National Ombudsman, it helps small business deal with unfair application of existing regulations.

At the same time that we have seen dramatic growth in all of our programs, we have done so during a period of dramatically declining budgets. I believe the agency has been a model for improving efficiency - - we are now increasing our focus on effectiveness.

So, as I've said, we are a small agency with a very big reach and a network of distribution partners that far exceed the size of the agency - - in fact by a multiple. And that means we have to work hard to be an agency that is

easy to do business with, and is efficient, fiscally responsible and responsive to our customers. In addition, to be effective we need to be an enabler for our distribution networks and partners, because in many cases they don't need to work with us if they don't want to.

So in light of all we do we need to be effective, our IT initiatives are focused:

- At the front end – where we interact with customers and partners
- At the back end – where we process large transactions and application volumes.
- And information – as our business intelligence needs expand.

Let's start at the front end.

We are a customer service organization and partner service organization in many ways.

Supporting small businesses and our partners requires us to have rich and varied content and information available in the web to do many things, including help train entrepreneurs.

Our website allows us to make our services available 24-7 and provides a major convenience to our customers. The site offers more than 20,000 pages of information on starting, financing, developing and managing a successful business.

Topics include information on SBA-backed financial assistance, contracting opportunities, training and counseling, disaster recovery, and international trade, to name just a few.

On the site, we also operate the Small Business Training Network ([www.sba.gov/training](http://www.sba.gov/training)) which is a virtual campus offering more than 23 free online business classes. The courses are all self-paced and cover a variety of topics, including how to start a business; business planning; financing; marketing and other business topics. Last year, well over 300,000 entrepreneurs used the SBA Small Business Training Network online.

SBA is also building additional online assessment tools to help clients understand their business technical assistance needs and direct them to prescribed training plans. Other online tools being developed will help small businesses evaluate their readiness and eligibility for certain federal procurement programs.



And beyond the web, the SBA is developing any number of front end tools to automate lending applications and certification for procurement programs as well as allow self service in a number of our programs.

I mentioned that we also have heavy processing volumes. After a disaster strikes, for example, we can receive tens of thousands or hundreds of thousands of loan applications. We have to track the applications, and our action on them, and the servicing of those loans for years. It's a very complex process, and it happens smoothly when we have processes in place that streamline the activity, and the technology in place to enhance that process. In addition, processing applications for various programs is similar in many ways. Sadly, we have seen poorly conceived technologies implemented, because of inadequate attention to business requirements, lack of engagement by leadership, and lack of competency in improving underlying processes. And when that has happened, we have wasted taxpayer dollars and let down Americans who count on us for timely service. We are working very hard to change all of that.

Finally, we have a significant need for business intelligence to run those operations. We need much better insight into the outcomes our programs drive, the speed and efficiency of our operations, and early warning indicators as they arise. We are instituting a new performance management framework across the agency, which will need to be supported by these technologies.

While in certain cases we need innovation, in most cases, we need to be smart about following the innovators that have preceded us.

But for the SBA, in addition to thinking about the value of IT for our operations, we need to do so for the small businesses we serve. In a rapidly evolving savvy IT world, small businesses have to work hard to keep up with technological advancements in order to stay competitive. Staying current in leveraging the benefits of technology can mean the difference between being a competitive organization or a failing one.

In a report issued by the National Federation of Independent Small Business (NFIB) in 2005, 58 percent of small business owners surveyed said they believe they are technologically abreast of their primary competitor(s) while 36 percent believe they are technologically more advanced. Those who are not keeping up need assistance and the SBA plays an increasingly critical role in helping them to get ahead, and stay ahead.

Furthermore, the proliferation of the Internet has simplified the ability to communicate, to market, to find buyers through online clearinghouses, and to transact. And it's cheap. Every business can look like a big business online. The availability of business support technologies and service providers have made it simpler to run small businesses. And the

dramatic expansion of shipping alternatives has significantly reduced logistical challenges for small businesses.

Finally, small businesses don't just benefit from innovation – they help drive it forward. Entrepreneurs drive a tremendous amount of the innovation in our country; small patenting firms produce 13 to 14 times more patents per employee than their larger competitors do. That's an impressive engine of creativity and imagination, and it's a major reason America remains the world's economic leader.

Now, I've been using the examples of small business and the SBA – and the crucial role technology and innovation play in both – to reinforce the message I started with. The roles you play in the government and business, your partnership, and your mission are critical. How we leverage technology and how we support innovation: those things matter. We must take that seriously in the federal government because they enable us to be better stewards of our public trust. It provides us access to vital information, it improves not just the efficiency but also the quality of our interactions with our customers, and it enhances our responsiveness to our citizens.

Those are the keystones upon which exemplary government service is built.

Looking forward I'd like to reinforce a few things all of us will need to be focused on to drive our operations forward.

*First* - The Internet has enabled a major revolution in computing and communications and become the world's connecting infrastructure for linking over 1 billion devices, connecting people, businesses, academic institutions and government entities. We are all working toward IPv6, and I greatly commend everyone (in government and private industry) for exerting due diligence on this challenging endeavor toward the new generation of Internet protocol.

The power of this new IP is just enormous well beyond just the establishment of the core network infrastructure - it's the innovative exploitation of IPv6 with transaction applications once the core infrastructure is made IPv6-enabled.

*Second* - It is very critical that we focus on developing and enhancing open standards in technology, telecommunications and across a multitude of industries such as healthcare, financial, supply and chain, security, data, R&D, to name a few.

We all have a tremendous amount of information at the tip of our fingers and an increasing need to share that information in an interdependent world. Standards are vital to ensure data and information can be gathered,

exchanged, captured and stored in a meaningful and integrated way across industries – whether they are health records, security-related, financial, chain supply, or other administrative nature. We see any number of ways we could improve the lives of the people we serve if only we could share information more easily with our federal partners.

*Third* - Internal and External Collaboration. This is more than just teamwork. It requires discipline and partnerships with industries, public and private sectors (which is what IAC/ACT is all about), and academia to advance shared goals for the people we all serve. The old “one plus one equals three” adage is more powerful today than ever before—we all need to be creative and tenacious in realizing that value.

We’ve made good progress, but we need to do more for America’s small businesses, and in disasters, for homeowners and renters too. All of us here, you all, have made good progress in utilizing technology in support of these worthy goals, and the ultimate goal of more effective, responsive government.

But too much of the federal government is too far behind the curve. Processes are antiquated, technology is outdated, or not integrated with related systems, and often projects are implemented without having clear objectives in mind. And, when many projects are completed, they often

don't deliver the expected outcomes. They don't move us forward toward that goal of better government.

And so, I want to leave you today with that calling. You all have serious responsibilities in your agencies, or in your business to help the agencies. Those responsibilities ultimately come down to making your agency better, more effective and more responsive to your customers. Technology must play a key role in making your agency more effective. How we think about technology now will impact our government's effectiveness ten, twenty and more years down the road. It's an incredible responsibility. And you should know that your commitment, competency and vision in carrying out that responsibility are essential to a responsive and responsible government. Your determination, hard work, and sense of purpose, will in many cases be the basis upon which we achieve that goal of better government.

Thank you.